

6/22/77 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 6/22/77 [2]; Container 27

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

PM JOHN FRASER

WARM, VALUED TIES

FRONTIER SPIRIT

TRADITIONS. ROOTS

LEADER
COMMONWEALTH - ASIA -
W. PACIFIC

AUST/N ZEALAND/US

4 WARS

NUCLEAR PROLIF.

TAMARA = CARMODY = Econ

MCKAY Trade = PARKINSON fm

TANGE - def = Arab Renouf

THE WHITE HOUSE
WASHINGTON

ROK

PRC / ROC

Philippines

Another US Carrier

Commonwealth - Good humor

Zimbabwe = OPEC oil sanctions

All except Nigeria condemned
Uganda (Amin)

Mythological "Common fund"

Indian Ocean

THE WHITE HOUSE
WASHINGTON

June 22, 1977

Secretary Blumenthal -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Jack Watson
Hamilton Jordan

Re: Interest Rates

THE WHITE HOUSE
WASHINGTON

cc Blumenthal

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank *JFW*

RE: Mike Blumenthal's Memorandum
on Interest Rates

Bert Lance and Charlie Schultze have
"no comment" on the attached.

June 21, 1977



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

PRIORITY

THE PRESIDENT HAS SEEN.

1977 JUN 15 PM 6 41
June 15, 1977

*good memo
J.C.*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: INTEREST RATES

The other day you asked me whether I agreed with the proposition that "raising interest rates is no way to fight inflation" and that "high interest rates can be inflationary". I gave you a "yes" and "no" answer because to be intellectually honest requires recognition of the complexities of the issues involved.

Since the questions relate importantly to fundamental aspects of economic policy making and to what our attitude toward rising interest rates should be - and what we should say about it in public - I herewith risk taking up a few minutes of your valuable time to give you a fuller summary of my view.

1. No single weapon, such as tightening or relaxing monetary policy (leading to higher or lower interest rates), tighter or looser fiscal policies (raising or lowering taxes), or a balanced or imbalanced federal budget, in and of itself either causes or cures inflations or recessions. Each of these, as elements of an overall economic policy, do work in a particular direction and each has an immediate and delayed effect.

2. Except in unusual circumstances, a tight monetary policy leading to rising interest rates can have an initial impact on raising costs. That is clearly inflationary. At the same time, there is a further effect which is much more fundamental: the higher cost of money causes people to borrow, buy and invest less. This slows down economic activity and acts as an important brake on inflation.

Thus, the simple statement that "rising interest rates are inflationary" is not too different from saying that taking a bitter medicine makes you feel sick. It can indeed while you swallow it, but if it does its job, it ultimately helps cure your illness.

**Electrostatic Copy Made
for Preservation Purposes**

The same thing can, of course, be said in regard to fiscal policy. Raising taxes can also have an initial inflationary impact if the added expense is passed along to the consumer. But, its ultimate impact on the economy, by slowing down economic activity, eventually has the opposite effect.

3. A related issue is whether the market determines interest rates. Once again, the answer is "yes" and "no". As the Fed tightens money and raises costs to the banks, they will tend to protect their profit margins by raising the price to their customers (i.e. the prime rate). But they can make it stick only if the market (i.e. loan demand and supply) supports this move.

It is true that banks do not operate in a perfect market. In some areas - particularly country banks - there can be a lot of monopolistic power which insulates banks from market pressures. The big city banks, and in particular the New York banks, also try to operate under price leadership but competition and market forces do play a very important role and soon determine whether a particular level of interest rates can be maintained.

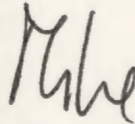
To say that the big banks can move the prime at will is clearly a gross over-simplification. Recent action by the First National City Bank in changing its formula by which it supposedly determines its prime rate, by the Morgan Bank in reducing its rate, and by other banks in shaving the posted prime is, in my judgment, evidence that this view has validity.

4. Should we complain and/or jawbone when the Fed moves up its Federal Funds rate and the commercial banks react by raising their prime? I don't believe that this is a good policy, any more than I believe that public denunciations about the steel, aluminum, automobile, or other industries raising their prices does us much good. It may make us feel better and occasionally has political benefits, but it rarely stops prices from going up and it creates an environment of confrontation which is self-defeating. Quiet negotiation and efforts to create an atmosphere of cooperation are much more effective. I think our private talks with the steel and aluminum industries and a constant dialogue with Arthur Burns and the bankers is more effective.

5. Monetary policy is an important tool (but not the only or the most important one) in fighting inflation - and inflation is as much an enemy of the Administration's economic goals as is unemployment. We should not condemn tightening of monetary policy just because under our system we do not control that decision as much as we do others in the economic field.

6. Occasional public statements commenting on such matters as interest rate increases or other price increases may sometimes be necessary. In my view, they should not be off-the-cuff without consultation amongst the responsible Cabinet officers. Treasury and CEA and, to a lesser extent, OMB have important responsibilities in matters affected by interest rate levels. Our policy on what we say and do should be coordinated between us, lest we wind up saying different things and create an image of confusion which hurts our credibility. Orderly, consistent and coordinated economic policy making and public explanation is the best way to achieve your Administration's goals.

I'll discuss this memo with Bert and Charlie and, if you wish, would be glad to talk to you about it fuller.



W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON

June 22, 1977

Frank Moore -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Dick Clark

You answer
J
THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN.

June 22, 1977

MR. PRESIDENT:

I recommend strongly that you do not commit yet on a fundraiser since there are a number of other Senators who would want similar appearances (Pell, Biden, McIntyre, Haskell, etc.).

Tim Kraft and I and others are working on an overall system for campaign appearances in 1977 and 1978.

Frank Moore

** I strongly concur with the above.

In addition, in this particular case Clark is in serious trouble with a lot of early Carter supporters in Iowa over a Judicial Selection Committee that he and Culver threw together, I can elaborate, if you wish.

TK

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

DICK CLARK
IOWA



UNITED STATES SENATE
WASHINGTON, D. C. 20510

June 15, 1977

Dear Mr. President:

On a number of occasions in recent months, I have discussed with both Hamilton Jordan and Tim Kraft the possibility of your appearing on my behalf in Iowa this fall. In particular, we have discussed the possibility of holding a brief fund raising reception in connection with an otherwise non-political visit to the state. I wanted to explain why I believe such a visit by you could be critically important to my re-election effort.

I have shared with Tim Kraft the complete results of a professional poll we conducted in Iowa last March. That poll shows that while my approval scores are probably among the highest of any Senator in the country, incumbent Governor Robert Ray's approval rating is even higher. (Incidentally, your approval score came out even higher than Ray's). In a head-to-head race, both my poll and a Des Moines Register poll taken in April indicate that I trail the Governor, 46-39. On the other hand, present polls indicate that I would defeat other Republican opponents by a margin of better than 3 to 1.

Our job right now is to convince Governor Ray that his entering the race would not be worth the risk. Of course, we must also do all we can to prepare for what would be a very difficult, albeit winable, contest should the Governor chose to run.

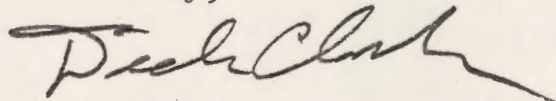
Page Two

A brief appearance by you at a fund raising event in my behalf early this fall obviously would contribute substantially both to convincing Ray not to run and to helping us prepare if he does make the race. We are trying to raise our money in individual contributions from within the state, and your appearance would help us to raise a significant amount of money in small contributions. Needless to say, we will do anything we can to accommodate such an appearance.

I deeply appreciate your taking the time to consider this request.

Warm personal wishes,

Sincerely,

A handwritten signature in dark ink, appearing to read "Dick Clark", with a stylized, sweeping flourish at the end.

Dick Clark

The Honorable Jimmy Carter
The President
The White House
Washington, D. C. 20500

THE WHITE HOUSE

WASHINGTON

June 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jody Powell

RE: Remarks for Export Administration Act
Signing Ceremony

Jerry Doolittle has prepared the following remarks for the signing of the Export Administration Act Amendments.

These remarks have been reviewed by Stu, Bob L., NSC and myself. They are designed to help us with our domestic problems regarding the Middle East ~~Government~~ being too reactive to recent news stories. *without*

We suggest that you follow the text closely.

SIGNING OF THE EXPORT ADMINISTRATION ACT AMENDMENTS

JUNE 22, 1977

FOR MANY MONTHS I HAVE SPOKEN STRONGLY OF THE NEED FOR LEGISLATION OUTLAWING SECONDARY AND TERTIARY BOYCOTTS AND DISCRIMINATION AGAINST AMERICAN BUSINESSMEN ON RELIGIOUS OR NATIONAL GROUNDS. I CALLED THIS "A PROFOUND MORAL ISSUE, FROM WHICH WE SHOULD NOT SHRINK."

MY CONCERN ABOUT FOREIGN BOYCOTTS STEMMED, OF COURSE, FROM OUR SPECIAL RELATIONSHIP WITH ISRAEL, AS WELL AS FROM THE ECONOMIC, MILITARY AND SECURITY NEEDS OF BOTH OUR COUNTRIES. BUT THE ISSUE ALSO GOES TO THE VERY HEART OF FREE TRADE BETWEEN ALL NATIONS.

I AM THEREFORE PARTICULARLY PLEASED TODAY TO SIGN INTO LAW THE 1977 AMENDMENTS TO THE EXPORT ADMINISTRATION ACT, WHICH WILL KEEP FOREIGN BOYCOTT PRACTICES FROM INTRUDING DIRECTLY INTO AMERICAN COMMERCE.

THE NEW LAW DOES NOT QUESTION THE SOVEREIGN RIGHT
OF ANY NATION TO REGULATE ITS COMMERCE WITH OTHER COUNTRIES,
NOR IS IT DIRECTED TOWARD A PARTICULAR COUNTRY. THE BILL
SEEKS, INSTEAD, TO END THE DIVISIVE EFFECTS ON AMERICAN LIFE
OF FOREIGN BOYCOTTS AIMED AT JEWISH MEMBERS OF OUR SOCIETY.
IF WE ALLOW SUCH A PRECEDENT TO BECOME ESTABLISHED, WE OPEN
THE DOOR TO SIMILAR ACTION AGAINST ANY ETHNIC, RELIGIOUS OR
RACIAL GROUP IN AMERICA.

THIS LEGISLATION OWES MUCH TO THE HARD WORK OF SENATORS
STEVENSON AND PROXMIRE, AND CONGRESSMEN ZABLOCKI, ROSENTHAL,
HAMILTON, BINGHAM, SOLARZ, WHALEN AND OTHERS. AND IT OWES
JUST AS MUCH TO THE PATIENT PERSEVERANCE OF THE BUSINESS
ROUNDTABLE, THE ANTI-DEFAMATION LEAGUE, THE AMERICAN JEWISH
COMMITTEE AND THE AMERICAN JEWISH CONGRESS, AS WELL AS OTHER
GROUPS.

THE OPENNESS OF THEIR DISCUSSIONS AND OF THE DELICATE
LEGISLATIVE PROCESS WHICH SHAPED THIS BILL HAS RECONFIRMED
MY BELIEF IN THE VALUE OF OPEN GOVERNMENT.

THIS COOPERATIVE EFFORT BETWEEN THE BUSINESS COMMUNITY,
JEWISH LEADERS, CONGRESS, AND THE EXECUTIVE BRANCH CAN SERVE
AS A MODEL FOR WHAT CAN BE ACCOMPLISHED IN EVEN MORE DIFFICULT
AREAS, WHEN REASONABLE PEOPLE AGREE TO SIT DOWN TOGETHER IN
GOOD WILL AND GOOD FAITH.

I AM CONFIDENT THAT THE DIVISIVE ISSUES IN THE MIDDLE
EAST WHICH GIVE RISE TO CURRENT BOYCOTTS CAN BE RESOLVED
EQUALLY SATISFACTORILY, THROUGH A SIMILAR PROCESS OF REASONABLE,
PEACEFUL COOPERATION.

MY ADMINISTRATION WILL NOW EFFECTIVELY ENFORCE THIS
IMPORTANT LEGISLATION.

END

THE WHITE HOUSE
WASHINGTON

June 22, 1977

Robert Strauss -

For your information, the attached Proclamation Implementing Footwear Orderly Marketing Agreements with Taiwan and Korea was signed by the President and given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Jack Watson
Bob Linder

THE WHITE HOUSE
WASHINGTON

ACTION	
FYI	
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
X	STRAUSS
	WELLS
	VOORDE

Implementation of Orderly Marketing Agreements --
and the Temporary Quantitative Limitation On the Importation
Into the United States of Certain Footwear

By the President of the United States

A PROCLAMATION

1. On February 8, 1977, the United States International Trade Commission (USITC) reported to the President (USITC Publication 799) the results of its investigation under section 201(b) of the Trade Act (19 U.S.C. 2251(b)) (the Trade Act). The USITC determined that footwear provided for in items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, and 700.60, and disposable footwear designed for one-time use provided for in item 700.85) of the Tariff Schedules of the United States (TSUS), are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing articles like or directly competitive with the imported articles. The USITC recommended the imposition of certain tariff rate quotas on imports of the above specified articles.

2. On April 1, 1977, pursuant to section 202(b)(1) of the Trade Act (19 U.S.C. 2252(b)(1)), and after taking into account the considerations specified in section 202(c) of the Trade Act (19 U.S.C. 2252(c)), I determined to remedy the injury found to exist by the USITC through the negotiation of orderly marketing agreements with appropriate suppliers of footwear, as authorized by section 203(a)(4) of the Trade Act (19 U.S.C. 2253(a)(4)); and announced my intention to negotiate such agreements calling for limits on the export from certain foreign countries, and the import into the United States, of certain footwear. On April 1, 1977, in accordance with section 203(b)(1) of the Trade Act (19 U.S.C. 2253(b)(1)), I transmitted a report to the Congress

setting forth my determination and intention to negotiate orderly marketing agreements and stating the reasons why my decision differed from the action recommended by the USITC.

3. Section 203(e)(1) of the Trade Act (19 U.S.C. 2253(e)(1)) requires that import relief be proclaimed and take effect within 90 days after a Presidential determination to negotiate orderly marketing agreements.

4. Pursuant to the authority vested in the President by the Constitution and the statutes of the United States, including section 203(a)(4) of the Trade Act (19 U.S.C. 2253(a)(4)), orderly marketing agreements were concluded on June 14, 1977, between the Government of the United States of America and the Government of the Republic of China, and on June 21, 1977, between the Government of the United States of America and the Government of the Republic of Korea, limiting the export from the Republics of China and Korea, respectively, and the import into the United States, of footwear provided for in items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75, and disposable footwear designed for one-time use provided for in item 700.85) of the TSUS.

5. Pursuant to section 203(k)(1) of the Trade Act (19 U.S.C. 2253(k)(1)), I have considered the relation of such actions to the international obligations of the United States.

6. In accordance with section 203(d)(2) of the Trade Act (19 U.S.C. 2253(d)(2)), I have determined that the level of import relief hereinafter proclaimed permits the importation into the United States of a quantity or value of articles which is not less than the average annual quantity or value of such articles imported into the United States from the

Republic of Korea, and from the Republic of China, in the 1974-1976 period, which I have determined to be the most recent representative period for imports of such articles.

NOW, THEREFORE, I, Jimmy Carter, President of the United States of America, acting under the authority vested in me by the Constitution and statutes of the United States, including section 203 of the Trade Act (19 U.S.C. 2253), and section 301 of title 3, United States code, do hereby proclaim:

(1) Orderly marketing agreements were entered into on June 14, 1977, and June 21, 1977, between the Government of the United States of America and the Government of the Republic of China and the Government of the Republic of Korea, respectively, with respect to trade in certain footwear, effective June 28, 1977. The orderly marketing agreements account for a major part of the United States imports of the articles covered by the agreements. Said orderly marketing agreements are to be implemented according to their terms and as directed in this proclamation, including the Annex thereto.

(2) Subpart A, part 2 of the Appendix to the TSUS is modified as set forth in the Annex to this proclamation.

(3) The President's authority under section 203(e)(2) of the Trade Act (19 U.S.C. 2253(e)(2)), to negotiate orderly marketing agreements with other foreign suppliers after import relief goes into effect is hereby delegated to the Special Representative for Trade Negotiations (hereinafter referred to as the "Special Representative"). The President's authority under section 203(e)(3) of the Trade Act (19 U.S.C. 2253 (e)(3)) to determine that any agreement negotiated pursuant to section 203 (a)(4) or 203 (e)(2) of the Trade Act (19 U.S.C. 2253 (a)(4) and (e)(2)) is no longer effective is hereby delegated to the Special Representative, to be exercised in conformity with paragraph (4)(a) below. In the

event of such a determination, the Special Representative shall prepare any proclamations that may be appropriate to implement import relief authorized by section 203(e)(3) of the Trade Act (19 U.S.C. 2253(e)(3)). The President's authority in section 203(g)(1) and (2) of the Trade Act (19 U.S.C. 2253(g)(1) and (2)) to prescribe regulations governing the entry, or withdrawal from warehouse, for consumption of articles covered by the orderly marketing agreements and to issue rules and regulations governing the entry, or withdrawal from warehouse, for consumption of like articles which are the product of countries not parties to such agreements, has been delegated to the Secretary of the Treasury pursuant to section 5(b) of Executive Order No. 11846. Such authority shall be exercised by the Secretary of the Treasury, upon direction by the Special Representative in consultation with representatives of member agencies of the Trade Policy Staff Committee.

(4) In exercising the authority delegated in paragraph (3) above, the Special Representative shall, in addition to other necessary actions, institute the following actions:

(a) Should the export restraint levels specified in the orderly marketing agreements described in paragraph (1) above, and in the Annex to this proclamation be exceeded, or should imports from countries not parties to such agreements increase in such quantities as to disrupt the effectiveness of the orderly marketing agreements, the Special Representative, after consultation with representatives of member agencies of the Trade Policy Staff Committee, may make a determination that for the purposes of section 203(e)(3) of the Trade Act the orderly marketing agreements do not continue to be effective.

(b) Beginning on June 28, 1977, if during any restraint period the quantity of imports of footwear of the types covered by the agreements, from countries other than the Republic of China and the Republic of Korea, appear likely to disrupt the effectiveness of the provisions of the orderly marketing agreements described in paragraph (1) above, the Special Representative may initiate consultations with those countries responsible for such disruptions and may prevent further entry of such articles for the remainder of that restraint period or may otherwise moderate or restrict imports of such articles from such countries pursuant to section 203(g)(2) of the Trade Act. Before exercising this authority, the Special Representative shall consult with representatives of the member agencies of the Trade Policy Staff Committee.

(c) Should the Special Representative determine, pursuant to this proclamation, to institute import restrictions on articles entered, or withdrawn from warehouse, for consumption from countries other than the Republic of China or the Republic of Korea pursuant to this proclamation, such action shall become effective not less than eight days after such determination and any necessary changes in the TSUS have been published in the Federal Register.

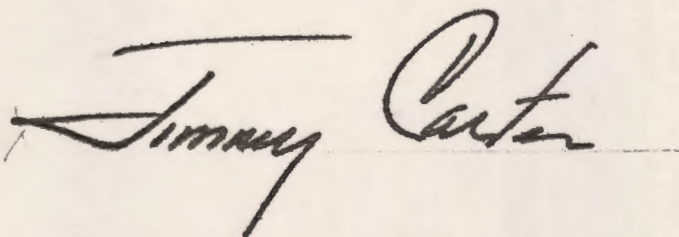
(5) The Special Representative shall take such actions and perform such functions for the United States as may be necessary concerning the administration, implementation, modification, amendment or termination of the agreements described in paragraph (1) of this proclamation, and any actions and functions necessary to implement paragraphs (3) and (4) of this proclamation. In carrying out his responsibilities

under this paragraph the Special Representative is authorized to delegate to appropriate officials or agencies of the United States authority to perform any functions necessary for the administration and implementation of the agreements or actions. The Special Representative is authorized to make any changes in Part 2 of the Appendix to the TSUS which may be necessary to carry out the agreements or actions. Any such changes in the agreements shall be effective on or after their publication in the Federal Register.

(6) The Commissioner of Customs shall take such actions as the Special Representative shall determine are necessary to carry out the agreements described in paragraph (1) of this proclamation, and to implement any import relief implemented pursuant to paragraphs (3) and (4) of this proclamation, or any modification thereof, with respect to the entry, or withdrawal from warehouse, for consumption into the United States of products covered by such agreements or by such other import relief.

(7) This proclamation shall be effective as of June 28, 1977, and shall continue in force through June 30, 1981, unless the period of its effectiveness is earlier expressly modified or terminated.

IN WITNESS WHEREOF, I have hereunto set my hand this
day of June in the year of our Lord, nineteen
hundred and seventy seven, and of the Independence of the
United States of America the two hundred and first.

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J". The last name "Carter" is written with a large, sweeping initial "C". The signature is positioned above a horizontal line.

ANNEX

Subpart A, part 2 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is modified--

(a) by adding the following new headnote:

"3. Quantitative limitation on certain footwear.--The provisions of this headnote apply to items 923.90 through 923.94, inclusive, of this subpart. The quantitative import limitations imposed are in addition to the duties provided for the restrained articles in schedule 7, part 1A. The import restrictions provided for in this subpart do not apply to footwear with an aggregate value not over \$100 in any shipment, if imported for the personal use of the importer.

(a) Definitions.--For the purposes of this subpart--

- (i) the term "footwear" means all the footwear provided for in schedule 7, part 1A, except the following: footwear provided for in items 700.51 through 700.54, item 700.60, item 700.75, and disposable footwear, designed for one-time use, provided for in item 700.85;
- (ii) the term "athletic footwear" means footwear of special construction for baseball, football, soccer, track, skating, skiing, and other athletic games, or sports; and
- (iii) the term "restraint period" refers to the period beginning June 28, 1977, and ending June 30, 1978, and thereafter to the three subsequent 12-month periods beginning July 1 in one year and ending at the close of June 30 of the following year.

(b) Export visa.--None of the footwear provided for herein exported on or after June 28, 1977, from the foreign countries involved may be entered unless such footwear is accompanied by an appropriate export visa issued by the government of the exporting country.

(c) Footwear in bonded warehouse.--All footwear exported from the Republic of China that is in bonded warehouse as of May 14, 1977, and all footwear exported from the Republic of Korea that is in bonded warehouse as of May 16, 1977, may be withdrawn for consumption without an export visa on or before the 20th day following the date of publication in the Federal Register of the orderly marketing agreements concerning footwear negotiated with such countries. Thereafter such footwear may be withdrawn for consumption only if it is accompanied by an appropriate export visa issued by the government of the exporting country.

(d) Footwear exported prior to June 28, 1977.--All footwear not covered by paragraph (c), which was exported from the foreign country involved prior to June 28, 1977, may be entered prior to September 1, 1977, without the requirement of export visas, provided that all such footwear entered on or after June 1, 1977, in excess of 33 million pairs from the Republic of China and 9 million pairs from the Republic of Korea shall be counted against the respective restraint levels for the first restraint period by pro-rating such imports among the respective TSUS items for each country as follows: For the Republic of China, item 923.90, 8 percent, item 923.91, 86 percent, and item 923.92, 6 percent; and for the Republic of Korea, item 923.93, 35 percent, and item 923.94, 65 percent. No such footwear may be entered on or after September 1, 1977, unless accompanied by an appropriate export visa issued by the exporting country and such footwear shall be counted against the applicable restraint levels.

(e) Footwear exported and entered in different restraint periods.--Footwear which is exported from the foreign country during one restraint period, but is entered more than 90 days following the beginning of the subsequent restraint period, shall be counted against the restraint levels for that subsequent restraint period. Footwear, which is exported from the foreign country during one restraint period in excess of the restraint level for such item for such period, may be entered after the beginning of the next restraint period and shall be counted against the restraint level for such item for such subsequent restraint period.

(f) Carryover.--Except as provided for in paragraph (h), if the restraint level for any item has not been filled for a restraint period, upon appropriate request of the foreign government involved, the shortfall may be entered under the same item during the following restraint period provided that the amount of shortfall so entered does not exceed 11 percent of the restraint level for the restraint period during which the shortfall occurred. If, in accordance with the provisions of paragraph (ij), all or part of a restraint level of any item has been reallocated to the restraint level of one or more of the other items, such amount will not be considered a shortfall, and therefore is not available for carryover.

(g) Exceeding restraint levels.--Upon appropriate request of the foreign government involved, restraint levels for each item may be exceeded by not more than 6 percent during any one restraint period, except as provided for in paragraph (h). If a restraint level is exceeded during a restraint period, the Special Representative for Trade Negotiations shall make a downward adjustment of the restraint level for the next succeeding restraint period in the absolute amount the preceding restraint level was exceeded.

(h) Limitation on paragraphs (f) and (g).--Paragraphs (f) and (g) may not be used in combination to increase the restraint level applicable to any item in any restraint period by more than 11 percent.

(ij) Adjustments.--Upon appropriate request of the foreign government involved for an adjustment of the restraint levels between items as provided for herein, the Special Representative for Trade Negotiations shall adjust the restraint level accordingly, such adjustments to be effective on and after the date of their publication in the Federal Register. Except as provided for later in this paragraph, an upward adjustment in a restraint level for exports from a foreign country shall not exceed the percentage of the respective base limit shown below and must be accompanied by a downward adjustment in the same absolute amount of the restraint level applicable to one or more of the other items set forth in the table below for exports during the same restraint period from the foreign country involved. The Special Representative for Trade Negotiations may, in his discretion, permit an upward adjustment of not over 50 percent of any restraint level applicable to item 923.92 in any restraint period provided that the restraint levels applicable to items 923.90 or 923.91 in the same restraint period are reduced by the same absolute amount.

Item	Restraint periods							
	June 28, 1977- June 30, 1978		July 1, 1978- June 30, 1979		July 1, 1979- June 30, 1980		July 1, 1980- June 30, 1981	
	Base limit	Maximum increase	Base limit	Maximum increase	Base limit	Maximum increase	Base limit	Maximum increase
	1,000 pairs	Percent	1,000 pairs	Percent	1,000 pairs	Percent	1,000 pairs	Percent
923.90	9,760	10	10,000	10	10,240	10	10,480	10
923.91	104,680	10	107,250	10	109,820	10	112,400	10
923.92	7,560	15	7,750	15	7,940	15	8,120	15
923.93	11,520	10	12,740	10	13,090	10	13,260	10
923.94	21,480	15	23,760	15	24,410	15	24,740	15"

(k) United States International Trade Commission (USITC) reports and surveys.--The USITC shall issue reports and conduct surveys with respect to footwear as follows:

- (i) Quarterly.--Reports by calendar quarter showing monthly data on U.S. production, imports for consumption, apparent U.S. consumption, employment and prices. The initial report shall cover 1975, 1976 and the first two quarters of 1977; the last such report shall cover the quarter which ends not less than 60 days prior to the termination of the import relief. The reports shall be published within 60 days of the end of a quarter.
- (ii) Annually.--Annual surveys to obtain from domestic producers data on profits, orders, capacity, inventories, prices, capital expenditures, and research and development expenditures; and to obtain from importers data on prices, orders, and inventories. The initial survey shall cover the calendar year 1976 and the calendar year 1977, and the results shall be published by May 31, 1978. The results of subsequent surveys shall be published by May 31 of each year thereafter so long as the import relief is in effect.

(b) by inserting in numerical sequence the following new provisions:

Item	Articles	Quota Quantity (in 1,000 pairs)			
		Exported on or after--			
		June 28, 1977	July 1, 1978	July 1, 1979	July 1, 1980
	Whenever the respective aggregate quantity of footwear specified below for items 923.90 through 923.94, inclusive, the product of a specified foreign country, has been exported in any restraint period from that country and has been entered, no article in such item the product of such country exported during such restraint period may be entered, except as provided in headnote 3:				
	Republic of China:				
923.90	Footwear provided for in items 700.05 through 700.45.....	9,760	10,000	10,240	10,480
923.91	Footwear provided for in item 700.58.....	104,680	107,250	109,820	112,400
923.92	Footwear provided for in items 700.66 through 700.85 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.85).....	7,560	7,750	7,940	8,120
	Republic of Korea:				
923.93	Footwear (except athletic footwear) provided for in items 700.05 through 700.45.....	11,520	12,740	13,090	13,260
923.94	Athletic footwear provided for in items 700.05 through 700.45, and footwear provided for in item 700.58 and items 700.66 through 700.85 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.85).....	21,480	23,760	24,410	24,740"

800
C
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 21, 1977

MEETING WITH HOUSE WAYS AND MEANS COMMITTEE
Wednesday, June 22, 1977
8:00 a.m. (one hour)
State Dining Room

From: Frank Moore

I. PURPOSE

On Thursday and Friday, June 23 and 24, the Ways and Means Committee will have the critical votes on your energy package. Our aim is to hold what we still have in the package.

There are nine members of the Committee who particularly need your attention (one is Jimmy Burke who is unable to attend the meeting because he has been hospitalized. I have already sent your a memorandum recommending a phone call to him.). Bill Cable and I will help direct you to these members.

A.



(D-Connecticut)

WILLIAM R. COTTER. Cotter wants the Committee to reconsider the home heating oil rebate (the Committee tentatively defeated it). He is saying that he will vote against the wellhead tax unless he gets the home heating oil rebate.

B.



(D-South Carolina)

KENNETH L. HOLLAND. Concerned about the impact on the textile industry. You can assure him that your bill takes care of approximately 80% of their problems.

C.



(D-Georgia)

EDGAR L. JENKINS. Has the same problem as Holland.

20
X-imp-...
Electrostatic Copy Made
for Preservation Purposes

D.



(D-Pennsylvania)
RAYMOND F. LEDERER. Frankford Arsenal.

E.



(D-Michigan)
WILLIAM M. BRODHEAD. He will probably run for Griffin's Senate seat. He is the automobile industry's spokesman on the Committee. He has been trying to tie his vote for the wellhead tax to the gas guzzler but expect he will go for the wellhead tax in any event.

F. Republicans



(R-New York)
BARBER CONABLE (has been working closely with Ullman. Seems sincerely interested in getting a good bill.), WILLIAM A. STEIGER, and BILL FRENZEL. These are the only Republicans we have any chance of getting. The rest are split completely on party lines.



WILLIAM A. STEIGER (R-Wisconsin)



BILL FRENZEL (R-Minnesota)

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: I have attached some background information for you on all 37 members of the Ways and Means Committee. In addition, I have attached profiles of the members on this particular issue.

B. Participants: See Attached list

C. Press Plan: Full Press Coverage

III. DISCUSSION POINTS

1. You should commend the Chairman and the Committee for hammering out a proposal that approaches the Administration's program in energy conservation.

2. You should be sympathetic with a member for having a problem with a particular provision but appeal to them not to have that overshadow the overall bill and national interest.

Attachment 1

Ways and Means Committee

Committee Democrats are moderate to liberal in their voting patterns, except for Burleson, Waggoner, Pickle, Jones and Holland. Jenkins, newly elected, is apt to fall in the conservative camp as well. The three other new Democrats -- Gephardt, Tucker, and Lederer -- are likely to align themselves with the moderate/liberal camp, based on their districts and past records.

The Republicans are conservative, except for Steiger and Frenzel, who are more middle of the road. Conable has been conservative on substantive issues, but more progressive on procedural matters, like congressional reform. There are no freshman Republicans on the Committee.

Al Ullman (D-Ore.)

The Chairman, according to other Committee Democrats, must be the key person to promote the Administration's proposals, but needs strong support from the Administration in this effort. He believes that the standby gas tax and the guzzler tax stand slim chance of passage, although he supports the concepts; was badly hurt when similar proposals were soundly defeated on the House floor in 1975; very cautious about the strength of Administration support, especially since the \$50 rebate program was abruptly withdrawn.

He has encouraged Committee Members to push their own compromises on the standby gas tax and the guzzler tax, which may further indicate his reluctance to assume strong support of the Administration bill.

He has indicated that the Committee will need time to work out technical difficulties in implementation of the crude oil equalization tax; he supports it. He has suggested that the American Petroleum Institute submit its ideas for changes in the definition of "new" natural gas, and that the AFL-CIO submit its rationing proposals.

James Burke (D-Mass.)

He is very concerned that the tax provisions of the NEA are unfair to the middle and lower working class, particularly in New England, since that region is already suffering from very high energy prices; doubts that the rebate plan would be workable.

Dan Rostenkowski (D-Ill.)

He stresses the need for the Administration to exercise a strong leadership role, and believes that many Democrats will vote for the standby gas tax and the gas guzzler tax if the President asks them; fears that the rebate plan would help the foreign auto industry, but understands that by applying rebates only to American autos the U.S. would violate international agreements.

He believes that the bill is "conspicuously lacking" in the mass transit area; is also concerned that the Act will adversely affect the recreational vehicle industry. His Chicago constituents support rationing instead of the standby gas tax, if the energy situation is genuinely the "moral equivalent of war."

Charles A. Vanik (D-Ohio)

As Chairman of the Ways and Means Trade Subcommittee, he is concerned over the international implications of the rebate proposal and has moved to strike it; has also proposed the elimination of present business deduction for fuel inefficient autos; has proposed a two tier gas tax amendment imposing a 5¢-30¢ tax above a basic number of gallons consumed; supports an excise tax on leaded gas to equalize the price of leaded and unleaded gas.

He supports the concept of the U.S. becoming the sole crude oil importer, increased R&D efforts, and increased competition in the energy industry.

Omar Burleson (D-Texas) -- will not be attending meeting

He believes that the NEA contains insufficient incentives for expanded oil and gas production; maintains that plenty of oil and gas reserves are available underground, but the industry must have adequate incentives to continue increased exploration and development. Consequently, he supports total deregulation and decontrol of oil and gas prices as the only real answer to increase these energy supplies.

James Corman (D-Calif.)

He has suggested a mandatory tax on all cars below a certain minimum fuel efficiency; has also suggested enactment of a law prohibiting production of energy inefficient autos. (If a gas guzzler tax is enacted, he suggests that the revenues should be used for public transportation and energy research.) He has an amendment providing a graduated excise tax on increases in gas prices (25% for the first 4-cent increase over a base price, 50% of the second 4-cents, 75% of the next 4-cents, and 90% of any additional increase). Revenue collected would be rebated to consumers.

He believes that the standby gas tax and the rebate portion of the guzzler tax are dead; interested in working with the Administration to help those parts of the bill in trouble.

He believes that Ullman must be encouraged to support the Administration, particularly on the standby gas tax and the guzzler tax, since he and many Members were hurt politically in 1975 on their votes on these issues.

Sam Gibbons (D-Fla.)

Is a strong ally in getting the President's program through Ways & Means; has offered whatever help is asked of him from the White House; recommended the White House take a strong leadership position with Majority members. He has indicated he has no problems with any of the tax provisions of Title II. However, he would prefer to see as many provisions as possible handled outside the tax system since the IRS Code is already so complicated; example: pay the home insulation subsidy directly through HUD rather than as a tax credit. Probably his key reservation is whether or not the program goes far enough; the public may adapt to the gasoline tax and not change its driving habits.

Joe Waggonner (D-La.) -- will not be attending meeting

Waggonner is probably the most vocal Democrat opposing the tax provisions. His stance is pro-industry/pro-deregulation. He has stated opposition to the auto and gasoline taxes during public hearings and will offer amendments:

1) Will attempt to delete the standby gas tax, but if it passes, will propose that the rebate go only to gas users; 1% of the tax would go to oil companies for administrative expenses. 2) Will attempt to delete the gas guzzler tax/rebate or terminate it after four years; auto inefficiency tax would apply to both domestic and foreign cars, but the rebate would apply only to domestic cars. Waggonner will probably oppose the crude equalization tax; does not believe there is adequate incentive for developing further supply; feels that these revenues would be better plowed back for new exploration and R&D. He is also concerned that mandated coal conversions will result in higher consumer prices and, from a regional standpoint, that the Southwest will bear the heaviest burden. He has stated that the Administration plan is trying to please the Environmentalists on the one hand (ban on breeder reactor) and the Northeast on the other (making the South bear the burden of increased fuel costs for consumers on a national scale.). Waggonner also supports continuation of the Breeder and opposes Federal van-pooling.

Otis Pike (D-NY) -- will not be attending meeting

Is a strong supporter of the bill, having written the President in support of it; has no problems with any of the taxes proposed in Title II, but feels that both the gasoline and guzzler taxes are in trouble in Committee. Part of the problem is how the revenues will be used and the absence of a mass transit program. Pike has urged the White House to take a strong leadership role with the Majority Members.

J. J. Pickle (D-Texas)

He is strongly opposed to placing intrastate natural gas prices under price controls and to the coal conversion program contained in the NEA; contends that the coal conversion will place an unfair burden on the South due to the huge expense involved; claims that the U.S. can neither produce nor transport the amount of coal to meet the goals in the Plan. He is also concerned that if the NEA is enacted utility prices in central Texas will skyrocket - increasing by 400%.

He will submit amendments to extend insulation and solar heating credits to secondary as well as primary residences. In addition, tenants in rental buildings would receive a credit if the money they spent on insulation was not refunded by the landlord. Condominium owners would receive a pro rata credit.

Charles Rangel (D-NY)

As a liberal, urban-consumer oriented Member, Rangel opposes the gasoline, gas guzzler and crude equalization taxes which he deems will hurt the middle and lower-income classes. (It may be noted, however, that Rangel voted for both a gasoline tax and guzzler tax in the 94th.) As alternatives, he favors 1) restricting oil imports, 2) allocating domestic oil, 3) allocating or rationing gasoline, and 4) banning gas guzzlers. (Rangel also supports horizontal divestiture.) Rangel will offer an amendment to delay indefinitely reducing the Federal Gas Tax from 4¢ to 1.5¢, scheduled to take effect in October 1979, and apply these funds for mass transit, development of exotic energy sources, and aid to state/local governments to defray energy costs. Rangel has also offered an amendment to provide tax credits for renters and second-home owners (condominiums and the like) for insulation and solar systems.

William Cotter (D-Conn). -- will not be attending meeting

Cotter has major problems with the gas guzzler and gasoline tax (believes they are dead issues) and potential problems with the crude equalization and user taxes. Although he voted for similar provisions on autos and gasoline in the 94th he does not believe the proposals will work at the levels prescribed. He said "the rich can handle it and the little guy will suffer." As alternatives, he favors either a direct ban on gas guzzlers, provided the economic impact is not detrimental or else a high civil penalty for non-compliance with EPCA mpg standards or a much higher guzzler tax. He favors rationing versus the gasoline tax. New England is heavily dependent on crude and home heating oil. Therefore, from a regional bias, Cotter could have problems voting for 1) the user taxes (on natural gas and oil) because of environmental problems of New England in switching to coal; and 2) the crude equalization tax, unless figures prove substantial conservation savings.

Fortney "Pete" Stark (D-Cal) -- will not be attending meeting

He maintains that the NEA allows the wealthy to buy their way out of making the sacrifices placed upon the rest of American citizens; contends that banning gas-guzzlers from being produced would be the most effective and certain method of conserving gas; has also suggested that the Federal income tax on utilities ("a phantom tax"), which is collected but often not paid to the Federal government, should be dropped entirely and replaced with a 2% user's tax on utilities.

He was the sponsor of the 20-cent a gallon gas tax amendment in the 94th Congress, which received 72 votes.

James Jones (D-Okla)

Jones is another Member critical of the taxing provisions of the Bill. His gravest problem, as a representative of a major producer state, is with the crude oil equalization tax. "The Plan means that Oklahoma's natural resources will subsidize the Northeast." Jones views the energy problem as more a lack of incentive for production than lack of supply. He favors getting Government out of the picture, and decontrolling oil prices with windfall profits tax as a safeguard. He regards the taxing system as a cumbersome way to artificially create world pricing and feels it will increase the bureaucracy. If taxes are imposed at the wellhead, there should be a plowback provision for new exploration. He is opposed to the "new oil" definition.

Jones also fails to see how rebating home fuel taxes will foster conservation. He disagreed with Administration witness' rebuttal that seeing what fuel oil would have cost without the rebate would induce conservation by homeowners.

Jones is also highly critical of the gas guzzler tax and will propose an amendment to delete the rebate portion. He fears the rebate will subsidize foreign manufacturers to the detriment of the domestic auto industry, and has raised the question of mandating that only fuel efficient cars be manufactured. On the gasoline tax, he has met with Mikva, Gephardt, Corman, Tucker and Brodhead to discuss alternatives for disbursing the revenues, eg. possible public transit and energy research as recipients.

Andrew Jacobs (D-Ind.) -- will not be attending meeting

He and his wife, Rep. Martha Keys, have introduced a bill that would ban the manufacture of autos after 1982 which do not obtain 25 mpg. He agrees with Rep. Stark that the NEA allows the wealthy to buy their way around the restrictions, resulting in an unwise program with an adverse effect on the nation's energy needs. He also inquired from AFL-CIO representatives as to the location of the ration stamps Mr. Nixon has printed. He fears that possibly "all this intervention and taxation will serve only to hike up the national debt and lower the economy."

Abner Mikva (D-Ill.)

He feels that the standby gas tax and the gas guzzler tax will fail, and so he is involved (along with Gephardt, Corman, Jones, and Tucker) in seeking alternatives to these taxes. However, Rep. Mikva feels that if there is any chance for either the standby gas tax or the gas guzzler tax some portion of the revenues must be used for public transportation and additional energy research. This suggestion also reflects his doubts about the effectiveness of the rebate plan.

He will submit an amendment to impose a graduated tax on vehicles weighing more than 3,000 pounds, which could rise to \$350 for vehicles weighing 5,500 pounds or more. The tax would be reduced by 50% for 3 or more dependents per registered vehicle. Credit would also be given to states that had similar programs. He also proposes federal license fees based on weight and engine size.

Martha Keys (D-Kansas) -- will not be attending meeting

She, along with her husband, has introduced a measure mandating fuel-efficient autos, rather than relying on the gas guzzler tax plan. She also believes that the odd-even gas days and the Sunday gas station closings are fairer than the proposed standby tax; however, it is her understanding that the measures employed during the previous energy crisis had resulted in reduced consumption at that time. She does not believe that the gas guzzler tax is justified merely to offset the increase in consumption caused by the failure to meet fuel efficiency standards. She also supports expanded development of alternative sources of energy, and has proposed an amendment to bring wind-generated facilities

under the solar tax credit.

Dr. Schlesinger's characterization of the NEA as maximizing taxation and minimizing mandates makes her "shudder".

Joseph Fisher (D-Va.)

He believes that the standby gas tax and the gas guzzler tax will fail, and suggests that the Administration have a fall-back position. He also contends that the rebate plan will create serious problems in terms of international trade agreements; either the U.S. subsidizes foreign countries, which is not acceptable to Congress, or no rebate is granted and GATT is violated.

He does not feel that there are many new initiatives in the NEA. Moreover, he has lost some confidence in the Administration as a result of the abrupt turnaround on the \$50 rebate proposal. However, he is supportive of many parts of the NEA, but would like limits on oil imports. He also agrees with Representative Goldwater's suggestion that a new tax deduction for passenger cars used in carpools should be considered.

Harold Ford (D-Tenn.)

Although he seldom attended hearings or made public pronouncements, Ford has indicated privately to liaison staff that he has no problems with the gas guzzler, crude equalization or user taxes. He does not believe the gasoline tax will pass, but if so, he wants some portion of this and the gas guzzler tax to apply for public transportation or energy research. To note: Ford supported such taxes in the 94th Congress.

Ken Holland (D-S.C.) -- will not be attending meeting

He believes that the standby gas tax and the gas guzzler tax stand little chance of passage, and he suggests that the Committee should look for stronger measures which are fairer to all Americans. He thinks that gas rationing should be seriously considered. He feels that the NEA, if enacted, would severely harm the economy causing unemployment to increase.

William Brodhead (D-Mich.)

He has formally declared himself against the gas guzzler tax and rebate plan, stating that testimony from the UAW "drives the nail into the coffin of this very ill-conceived proposal." (This is not surprising since Representative Brodhead represents part of Detroit).

He is, however, willing to work with the Administration to develop alternatives, even though he has been put off by the Administration's inability to answer his questions to Treasury on the gas guzzler proposal. He is willing to support the standby gas tax, but would like some of the revenues collected to be spent on public transportation and energy research.

Edgar Jenkins (D-Ga.)

Has concerns with the gasoline tax: how it would affect food prices, inasmuch as food is transported largely by truck, and how it would affect the housing industry. He indicated that analyses of the impact of the Plan on the nation's economy and its different segments is lacking. Jenkins also raised questions as to whether there are sufficient incentives for new oil and gas exploration.

Richard Gephardt (D-Mo.)

Believes it would be better to put at least some of the revenues into mass-transit. Gephardt will probably introduce an amendment which would delete rebates and per-capita payments and apply these revenues to a special fund under the aegis of the Highway Trust Fund for R & D and transportation bloc grants to states. (Ullman encouraged Gephardt to pursue his amendment and Mikva and Tucker have indicated support).

Gephardt also suggested that there should be a series of milestones in the legislation for regular reporting periods to Congress as to whether the Plan is working or not.

Jim Guy Tucker (D-Ark.)

He is very concerned with the lack of any provision for propane rebates, especially since more propane is used in Arkansas than any other state and since this fuel is widely used by his rural constituency for home heating. He is concerned also with the regional/state inequities of impact and believes that a state-by-state impact analysis would point out these inequities. Thus, he is very interested in data from the Administration regarding this issue, and has been very unhappy that data has not been provided to him to date.

He appears to oppose the gas tax, stating that it is "nothing more than a regressive sales tax", and seems to be opting for a standby rationing plan instead. He also approves Secretary Adams' suggestion for applying revenues toward mass transit and transportation projects.

Raymond Lederer (D-Pa.)

Has fairly consistently attended the hearings, but has not expressed his views yet in Committee.

Barber Conable, Republican, New York - Mr. Conable feels that the energy Plan relies too heavily on taxation. He has said that it is a form of income reallocation, and that the whole Plan is "a mile wide and an inch deep."

He is against the gasoline tax and rebates, and feels that the overall program does not provide incentives to individuals to cut consumption of energy, but is instead aimed at the nation as a whole. He feels the individual must feel a part of the effort in order to be persuaded to conserve energy.

John Duncan, Republican, Tennessee - Mr. Duncan is very concerned about the administrative and bureaucratic costs of managing the Plan. He has also expressed concern that the Plan places the burden on the pocketbook of the middle-income group.

Bill Archer, Republican, Texas - Mr. Archer is deeply concerned about what he feels would be an imbalance on a regional basis in the Plan. He says that Texans and Louisianans would be paying enormous utility bills if the Plan is approved. He has indicated that he has problems with the "new oil" definition. He has asked the Chamber of Commerce to assist in developing a full counter proposal to the Administration plan.

Guy VanderJagt, Republican, Michigan - Mr. Vander Jagt has posed this theoretical question to Secretary Adams: Do you really believe that there is any way on this earth that Congress will pass a bill that will have the effect of taxing American-made cars while foreign-made cars will all get rebates?

William Steiger, Republican, Wisconsin - Mr. Steiger, early-on in the hearings, indicated that he wasn't seeing enough back-up information analyzing how the Plan would impact on the economy, various regions and states, etc. He specifically said at one point that he was leaning toward supporting the gas-guzzler tax, although he would not vote for the rebates.

However, he has been much impressed with the analyses of the Plan he has been getting from various sources: The Chase Econometric Report, the study by Prof. J.L. Sweeney of Stanford University, and most recently the Congressional Budget Office analysis. These studies have each discounted the Administration's claims about the Plan's effectiveness and its effects in general.

He specifically said that his possible support of the tax on gas-guzzler cars was shaken by Prof. Sweeney's report which shows that the gas-guzzler tax, without the standby gasoline tax, would result in a 12% increase in gasoline consumption by 1990. He has not been favorable to the standby gasoline tax portion of the Plan. He has said that he feels that the tax credit for home insulation is unfair inasmuch as it leaves out those people who've already had their homes insulated on their own initiative, and that evidence suggests that there are many such people.

Philip Crane, Republican, Illinois - Mr. Crane has attended few of the hearings, and has said little. He has commented that "one man's gas-guzzler is another man's necessity", and, hence, at the very least should not be counted as a guzzler tax supporter.

Bill Frenzel, Republican, Minnesota - Mr. Frenzel states that there is very little support in the Committee for either the gas-guzzler tax or the rebates, saying that they are no longer viable proposals.

James Martin, Republican, North Carolina - Mr. Martin has attended only 3 of the hearing sessions and has commented only on the part of the rebate proposal which would put home heating fuel rebates right onto the monthly bill. He said that he did not see how this would result in encouragement of conservation.

* L. A. "Skio" Bafalis, Republican, Florida - Mr. Bafalis attended one session of the hearings. On that occasion he said that he was concerned over the potentiality for transporting increased amounts of coal if the conversion plan should go forward. He said that there simply are not enough railroad cars to meet the potential demand. He further stated that incentives aren't adequate to encourage the railroads to meet the demand.

William Ketchum, Republican, California - Mr. Ketchum says that the Plan would treat the consumer unfairly because it would have a double tax on his gasoline, at the wellhead and through the standby gasoline tax, whereas the users of diesel fuel would not get hit by the standby tax.

In terms of coal conversion he has stated that the simple fact is that some states are prohibited from using coal in their utility plants by their environmental laws.

He has further indicated substantial agreement with the oil and gas industry witnesses and the Chamber of Commerce witnesses, who all called for deregulation and argued strongly against the thrust of the Plan.

* will not be attending meeting

Richard Schulze, Republican, Pennsylvania - Mr. Schulze has expressed concern that the Strategic Petroleum Reserve has not been provided its necessary funding in the Plan.

He has also stated that the rebate portions of the Plan amount to a redistribution of wealth, and he disagrees with the philosophically.

He has also expressed concern about the environmental damage coal will cause, and has indicated that the recreational vehicle industry would be hurt badly by the Plan, as well as those people who already own recreational vehicles.

Willis Gradison, Republican, Ohio - Mr. Gradison has objected to the Plan's provisions for intrastate natural gas prices. He states that the Plan would result in intrastate gas being held below market prices. He said that he doesn't understand how this would result in conservation, if indeed the Administration intended to try to create conservation through the pricing mechanism.

Home fuel oil

Comparison -- National Energy Program Budget Effects
Administration's Proposal -vs- Initial Congressional Action

(\$ in billions)

I. Taxes	1981		1978-1985		Assessment
	Admin.	Cong.	Admin.	Cong.	
A. Revenues					
Oil Wellhead tax					Reduction of rebates is probably best area to make up large deficit. Ways & Means has decided to rebate first year of tax; remaining years through 1981 go into trust fund. Tax ends 9/81.
-- receipts	13.5	13.5	85.7	85.7 1/?	
-- less credits/payments	-13.5	-13.5?	-85.7	-85.7	
-- net	0	0?	0	0?	
Oil and Gas Use Tax					This program originally would have offset spending in National Energy Plan. Large reduction in receipts and moderate reduction in rebates now cause large deficit. Ways & Means lowered rates and exempted feedstock users.
-- receipts	10.5	5.1	90.5	44.4	
-- less credits	-6.3	-4.5	-49.6	-33.4	
-- net	4.2	0.6	40.9	11.0	
Auto Efficiency tax					Ways & Means tax is estimated by Treasury between \$1-\$4.4 billion. Ways & Means voted to use receipts to repay national debt.
-- receipts	0.7	0.4	7.7	1.0-4.4	
-- less credits	-0.7	-0.4?	-7.7	0	
-- net	0	0?	0	1.0-4.4	
Total Net Revenues	4.2	0.6	40.9	12.0-15.4	
B. Tax Expenditures					
Business tax credits	-0.6	-0.6	-3.1	-3.1	Ways & Means similar to Administration proposal.
Residential Tax credits	-0.9	-0.9	-4.5	-4.5	
Total Tax Expenditures	-1.5	-1.5	-7.6	-7.6	
C. Net Receipts	2.7	-0.9	33.4	4.4-7.8	

^{1/} For comparative purposes, extension of oil wellhead tax was assumed through 1985.

? Means Committee action not complete or estimates not available.

(\$ in Billions)

	1981		1978-1985		Assessment
	<u>Admin.</u>	<u>Cong.</u>	<u>Admin.</u>	<u>Cong.</u>	
II. Outlays - Increases for NEP over February Budget Request					
1. Energy Conservation Retrofits (Weatherization)	0.2	0.6	1.4	4.5	→ Congress expanded eligible universe and conservation measures.
2. Conservation--Federal Building	0.5	0.5	2.7	2.7	
3. Grants for Schools and Hospitals	0.1	0.3	0.9	1.5	→ Congress increased grant rate to 50% and expanded eligible universe and measures. Assumption is that demand and appropriations therefore will be higher and program will run longer.
4. Increased Government Fuel Costs	0.4	0.4	2.9	2.9	
5. Strategic Reserve	0.7	0.7	12.4	12.4	
6. Energy R&D	-0.4	-0.4	-2.0	-2.0	→ Includes new program of grants for hydroelectric projects (\$300 million). GNMA insured subsidized loans for conservation loans \$210 million; and HUD public housing modernization program \$75 million.
7. Other	0.2	0.3	1.3	1.9	
8. Indexing--Federal Program Payments Tied to CPI	<u>1.4</u>	<u>1.4</u>	<u>11.1</u>	<u>11.1</u>	
TOTAL OUTLAYS.....	3.1	3.8	30.7	35.0	

III. Net Budget Effect -0.4 -4.7

+2.7

-30.6
to
-27.2

PROFILES

DEMOCRATS

- Ullman - continued to work for a coalition for the strongest bill possible.
- Burke - Chairman has general proxy with exception of reservation to vote against crude oil tax if home heating oil rebate is not restored (possibly will follow Cotter's lead).
- Rostenkowski - a stalwart of support for Administration's position and strong proponent.
- Vanik - strong supporter of Administration--would strengthen program if possible.
- Burleson - reflects strong oil constituency; only member to vote against crude oil tax. Follows Waggonner's lead.
- Corman - like Vanik, strong supporter of Administration despite problems of California pollution and commuter needs.
- Gibbons - solid Administration supporter.
- Waggonner - champion of oil interest and private sector. Leads coalition of oil Congressmen and is brilliant tactician who will no doubt make other efforts to weaken bill. Reasonable, deserves attention.
- Pike - Administration supporter.
- Pickle - votes with Waggonner on oil interests, but main problem is with utilities that must convert from gas--final support will depend on this issue.
- Rangel - Administration supporter, but feels neglected. Without rebate to low income groups may vote against crude oil tax. May be influenced by Cotter on home heating oil rebate.
- Cotter - Major problem with home heating oil rebate. States strongly that will oppose whole program if his New England constituents are not taken care of on this rebate.

- Stark - Generally supportive but talks strong liberal line on toughening the bill--particularly on guzzler tax, which he voted against because he feels large cars should just be prohibited.
- Jones - Reflects oil constituency and is very conservative. Cannot be relied upon for any assistance.
- Jacobs - Very erratic. Often votes against measures that aren't extreme enough. Occasional support, but can't be depended on.
- Mikva - very helpful in holding the Administration line and in toughening the bill.
- Keys - basically an Administration supporter but occasionally influenced by her husband Jacobs.
- Fisher - basically an Administration supporter; a sound thinker who on occasion may have well thought out objections.
- Ford - Administration supporter who basically doesn't participate.
- Holland - Problematic and independent. Would like to be a supporter but is a knowledgeable and strong defender of constituent interest of textile industry. Conservative.
- Brodhead - Major committee spokesman for automobile industry. Concentrates on guzzler tax and is still trying to weaken it. On other matters supports the Administration.
- Jenkins - very conservative and reluctantly supported Administration. Concerned about textile industry and not naturally inclined toward the bill.
- Gephardt - strong Administration supporter. Bright, serious, took the lead on earmarking funds for a Transportation Trust Fund.
- Tucker - basically a supporter, but a hard worker who asserts his objection and amendments frequently. Ambitious.
- Lederer - while generally supportive, protective of constituent interests of Philadelphia.

REPUBLICANS

Conable

Steiger

Frenzel - potential votes for final product but by no means certain.

The following will probably vote party line:

Duncan

Archer

Vander Jagt

Crane

Martin

Bafalis

Ketchum

Schulze

Gradison

PARTICIPANTS

The President

The Vice President

Secretary Blumenthal

Jim Schlesinger

Members of the Committee on Ways and Means

Al Ullman
L. A. Bafalis
William Brodhead
Barber Conable
James Corman
William Cotter
Philip Crane
John Duncan
Harold Ford
Bill Frenzel
Richard Gephardt
Ken Holland
Andrew Jacobs
Ed Jenkins
James Jones
William Ketchum
Martha Keys
Raymond Lederer
James Martin
Abner Mikva
J. J. Pickle
Otis Pike
Charles Rangel
Dan Rostenkowski
Fortney Stark
William Steiger
Jim Guy Tucker
GuyVander Jagt
Charles Vanik
Joe Waggoner

Staff

Lawrence Woodworth, Treasury	Fred Hitz
Gene Godley, Treasury	Al Alm
Larry O'Brien III, Treasury	Bill Smith
Frank Moore	
Bill Cable	

OMB MEMO on BUDGET
IMPACT OF CONGRESSIONAL
ACTION TO DATE



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: W. BOWMAN CUTLER *WBC*
ELIOT R. CUTLER *erc*

SUBJECT: Budget Impacts of Initial Congressional
Action on National Energy Plan

The attached table compares the budget impacts of the Administration proposals with the results of initial Congressional action.

Although the process is still in its early stages, there already is a clear trend away from the balanced net budget effect (1978-85) of the measures you proposed toward a substantial net deficit of \$27.7B to \$31.1B. (Actions taken today by the Ways and Means Committee have caused us to revise our estimates slightly from those which we presented to you earlier today.)

The notes on the chart explain the \$4.3B increase in 1978-85 outlays from \$30.7B to \$35.0B.

Changes in the receipts and rebates from the oil and gas use tax account for the lion's share of the current deficit estimate. The Ways and Means Committee has voted much lower rates across the board and a blanket exemption for feedstock uses (20% of the original waivers to be taxed). However, the rebates of the tax would not decline in proportion to the decreased revenues, because most of those facilities still being taxed, such as utilities, are expected to convert to coal and therefore receive the rebates.

The standby gas tax has been eliminated.

The auto efficiency ("guzzler") tax would commence one year later with lower tax rates than the Administration proposed,

cutting revenues nearly in half. The Committee also has adopted an amendment requiring that the revenues be used to repay the national debt, rather than rebates to buyers of fuel-efficient cars.

Finally, the Committee has made significant changes in the oil wellhead tax--with more changes probably in the offing.

- The tax now would expire in 1981, instead of 1985 (a change not reflected in the table--see footnote 1).
- All revenues from the tax would go into a new Trust Fund. The Committee has decided that first year revenues will be rebated from the Fund, but it has made no decisions with respect to later years.

The alternative ways to reduce the deficit impact of all of these changes (other than cutting direct program and other outlays) appear to be these:

1. Restore the oil and gas use tax to its original form or something close to it; and/or ...
2. Commit all or part of the oil wellhead tax revenues to NEP outlays--either from the Treasury or from a Trust Fund.

Our disagreements with Dr. Schlesinger are these:

- First, we take a much less sanguine view of the Trust Fund concept. The Ways and Means Committee would retain the authority to limit the purposes for which Trust Funds could be spent. There is no assurance that the Administration could even propose in its budgets that the Funds be used for NEP purposes.
- Second, it is clear that the "guzzler" tax--in its present form or any likely modification--could not be used to substantially reduce the growing deficit.

We are, of course, available to discuss these matters further with you.

THE WHITE HOUSE
WASHINGTON

June 22, 1977

Hugh Carter -

The attached letter to Secretary
Stetson was signed by the President
and is forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft
Bob Linder

Re: Promotion for Presidential
Pilot

X

THE WHITE HOUSE
WASHINGTON

*give Hugh the
original of the
letter*

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
X	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

X	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

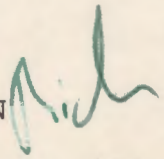
ACTION

21 June 1977

TO:

THE PRESIDENT

FROM:

RICK HUTCHESON 


SUBJECT:

Hugh Carter Memo, "Promotion of
Presidential Pilot"

Hugh reports that the pilot of Air Force One, Col. Lester McClelland, will be considered by a promotion board shortly after June 30.

Hugh says it is traditional for Presidents to submit promotion evaluation reports in this situation, and recommends that you submit the attached (very general) report.

Hugh suggests that you take the opportunity of your June 23 New York trip to meet Col. McClelland. Tim Kraft will arrange this if you wish.

 set up brief meeting during the flight

 no need for meeting

ONE SIGNATURE REQUESTED ON THE ATTACHED

THE WHITE HOUSE

WASHINGTON

June 22, 1977

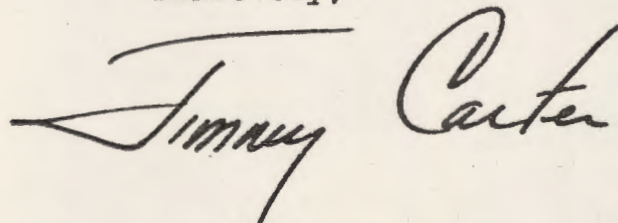
To Secretary John Stetson

I have been advised that it is customary for Presidents to periodically submit recommendations on the promotability of the Pilot of Air Force One. Statistically, I am informed that Colonel McClelland has flown over 98 missions encompassing 641 hours as the Command Pilot for myself and my predecessor, President Ford.

Although I have observed Colonel McClelland on a limited basis, the reputation that he and his Presidential aircraft crew enjoy is well-known. His command has consistently provided safe dependable and timely air service whenever and wherever directed by the White House.

As Pilot to the Chief Executive, Colonel McClelland has demonstrated excellence in the cockpit, solid judgment and self-assurance. Complex operations such as my recent visit to England and Switzerland were handled flawlessly and illustrate the measure of ability and competence displayed by Colonel McClelland. Considering his accomplishments as a leader and pilot, I am confident that he will continue to render superior service to me and the Office of the President and therefore recommend his promotion to Brigadier General on an accelerated basis.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable John C. Stetson
Secretary of the Air Force
Washington, D.C. 20330

THE WHITE HOUSE

WASHINGTON

Date: June 16, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

at 10:00

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Hugh Carter memo 6/16/77 re Promotion of Presidential Pilot.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Saturday

DATE: June 18, 1977

ACTION REQUESTED:

☒ Your comments

Other:

TIM: Can you set up meeting on the plane?

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

/	MONDALE
/	COSTANZA
/	EIZENSTAT
/	JORDAN
/	LIPSHUTZ
/	MOORE
/	POWELL
/	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
/	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

/	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

*Tim - can you see if
can you see if
meeting on the
plane?*

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE


THE WHITE HOUSE

WASHINGTON

June 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER 

SUBJECT:

Promotion of Presidential Pilot

Colonel Lester McClelland, pilot of Air Force One, is due to be considered by a promotion board shortly after June 30. Promotion evaluation reports are rendered annually and are due on June 30. These reports are peculiar to Air Force general officer selection boards and are in addition to normal efficiency reports. The content of this report is not revealed to the person evaluated and is read only by evaluators in the chain of command and the selection board. It has been customary in the past for the President to submit this report, and I recommend that we submit a report on Colonel McClelland covering the period January 20 through June 30.

I understand that you have not actually met Colonel McClelland, although he has been the pilot on all of your trips. A convenient time to meet and talk with Colonel McClelland would be on the June 23 trip to New York. He could talk with you enroute, and you can determine at that time whether you want to submit the required promotion evaluation report. A suggested draft of that report is attached.

If you will indicate your preference in regard to talking with Colonel McClelland, I will make the arrangements.

_____ YES

_____ NO

THE WHITE HOUSE

WASHINGTON

Date: June 16, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Hugh Carter memo 6/16/77 re Promotion of Presidential Pilot.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 PM

DAY: Saturday

DATE: June 18, 1977

ACTION REQUESTED:

☒ Your comments

Other:

* TIM: Can you set up meeting on the plane?

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

Rick/Hugh: the President can certainly meet Col. McClelland during the flight (I can get them together), but he doesn't have to discuss a promotion report with him, or go over the letter. That's inappropriate, should be done at staff level.

TK

TH

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

DRAFT

DRAFT

Dear Mr. Secretary:

I have been advised that it is customary for Presidents to periodically submit recommendations on the promotability of the Pilot of Air Force One. Statistically, I am informed that Colonel McClelland has flown over 98 missions encompassing 641 hours as the Command Pilot for myself and my predecessor, President Ford.

Although I have observed Colonel McClelland on a limited basis, the reputation that he and his Presidential aircraft crew enjoy is well-known. His command has consistently provided safe, dependable and timely air service whenever and wherever directed by the White House.

As Pilot to the Chief Executive, Colonel McClelland has demonstrated excellence in the cockpit, solid judgment and self-assurance. Complex operations such as my recent visit to England and Switzerland were handled flawlessly and illustrate the measure of ability and competence displayed by Colonel McClelland. Considering his accomplishments as a leader and pilot, I am confident that he will continue to render superior service to me and the Office of the President and therefore recommend his promotion to Brigadier General on an accelerated basis.

Sincerely,

The Honorable John C. Stetson
Secretary of the Air Force
The Pentagon
Washington, D.C. 20330

2308M

THE WHITE HOUSE

WASHINGTON

June 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BARRY JAGODA **B.J.**

EVENT: 2:30 pm Wednesday, June 22, 1977
East Room Remarks to Advertising Council

The audience is several hundred top corporate executives (and quite a few spouses), all of whom share your interest in energy conservation. The real unifying force among them, however, is that each of these businessmen actively support the "public service" work of the Advertising Council. They are expecting "greetings" from you and I have suggested to the speechwriters that you take as your theme the notion of a great partnership between the corporate leaders and yourself, between those in the private sector concerned about the well-being of the country and those in your administration working toward the same goals.

You are scheduled to be with these folks for 15 minutes. If you choose, you might make brief remarks then take questions for about 5 or 10 minutes. Another approach would be to mingle with the crowd for a few minutes but I think the room might be too crowded to make that very effective.

The participants will have just come from a lunch at the State Department where they were addressed by Schlesinger and will be heading to an afternoon of hearing "conservation success stories" from their fellow businessmen. Speaker O'Neill will make the dinner address that evening and on the following day Mondale, Lance, Marshall and Eizenstat participate.

For your information, a conference schedule is attached. Full press coverage.

#

Electrostatic Copy Made
for Preservation Purposes

X

FALLOWS' TALKING POINTS

THE WHITE HOUSE

WASHINGTON

June 21, 1977

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS *JL*
SUBJECT: Advertising Council

Achsah Nesmith has prepared the following talking points.

Griffin Smith suggests that a striking and sensible energy saving step you could recommend would be for men to stop wearing coats and ties to work between now and Labor Day. We consume extravagant amounts of energy in creating artificial cool indoor environments to make this impractical attire tolerable. (You could dramatize your recommendation by arriving for your talk without a coat and tie, or by removing them in front of your audience.)

1. Thank them for their public service work in the past:

a. They have concentrated a great wealth of talent and creative energy into campaigns such as Smokey the Bear, hiring veterans and the handicapped, fighting pollution, selling bonds.

b. No one could have paid them to work the long volunteer hours that have gone into these campaigns but the whole nation has benefitted from their attention to significant social needs. They have proved that American ingenuity can respond not only to material rewards, but also to our own noblest motives.

c. Their own example of voluntary responsible action to national needs encourages you in the basic premise of your energy program -- that the American people will respond creatively when they understand real needs and obey their own highest instincts.

2. The energy crisis requires a partnership between the public and private sector. Government can create incentives and dis-incentives and penalize abuses but private action is the key to final success.

a. Business is often in a better position to see and control overall costs -- including long-term operational and transportation costs and environmental damage as well as initial costs. An individual cannot usually order a new product created to meet a special need, but a big business can. Industry must take the lead in designing products and facilities and conducting its own business in ways that are not wasteful and that help individuals avoid waste.

b. This not only involves making energy saving appliances, automobiles, heating and cooling systems, but more efficient processes of manufacture and less wasteful packaging of many products. Savings can help hold down inflation.

3. Business and government can go only so far -- if conservation is to succeed it must be practiced by individuals on a daily basis.

a. During the Depression Americans did this because they could not afford to do anything else. They did it in World War II because they knew that waste at home could cost lives abroad. A whole generation has come to maturity without these constraints and has got to learn to think for the first time in terms of "do we need?" and "is there a better way?"

b. Some people complain that accepting the idea of limited resources is small-minded. On the contrary it gives the American people credit for being able to think beyond the next moment and passing convenience and decide intelligently in their own long-term best interests. You have not discounted their ingenuity -- you have called on them to use it to work out better ways of doing things they previously felt little pressure for.

c. You are pleased with the indications so far of a significant increase in public awareness of the problem and understanding of solutions. Though it is too early to see many tangible results, sales of insulating materials and solar water heaters have increased markedly since your energy message and the cost of solar water heaters has already dropped. Large corporations have promised and in some cases already begun major conservation measures.

d. You know conservation is possible because the federal government has cut the annual energy use (not cost) in its 2,500 buildings by 30 per cent from 1973 levels. The nationwide fleet of 9,000 GSA cars also is using 30 per cent less oil and gas than before the oil embargo. Currently eleven federal buildings are now under construction or in the planning stages to be heated or cooled by solar energy.

4. Advertising is often credited with making people want gas guzzlers as a status symbol in the first place. It has convinced people to buy big cars and to want new cleaning products so their neighbors will envy the clean smell of their kitchens by subtly appealing to their desire for a better life. At a deeper level this desire involves wanting to be better people, wanting to contribute in a meaningful way to making this a better world. Advertising can appeal to these basic human desires in every American in a way that will help them make this a better country.

5. You are depending on the Ad Council to make conservation a part of every American's consciousness, to help educate the public so they know how to act responsibly.

#

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input checked="" type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

June 22, 1977

Hugh Carter -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Arlington Burials

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 20, 1977

*Old graves - Hugh
New ones - me
J.C*

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Arlington Burials (Per Your Request)

In regard to your comment asking "Who is by White House direction?" on Frank Moore's memo concerning the burial of Sam Nelson at Arlington National Cemetery, the following information is provided.

Permission for the Fisher burial was granted by me, and permission for the Kurta burial was granted by Hamilton Jordan. Both these individuals were interred with relatives and required no additional space.

However, in the case of Sam Nelson, a new grave plot was required and needed Presidential approval because of the limited space at Arlington.

In the cases that do not involve additional grave space, I feel there is no problem in allowing interment in the existing grave of relatives. However, if you would prefer to make these decisions in the future, please let me know.

**Electrostatic Copy Made
for Preservation Purposes**

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

When Senator Mathias was here to see you today, he asked that I bring the following matter to your attention. Howard (Sam) W. Nelson was the Fairchild pilot killed during the recent Paris Air Show. Mr. Nelson was a Lt. Colonel in the U.S. Air Force (14 years active duty, 10 years reserve duty). He flew over 105 combat missions in Korea and received the Distinguished Flying Cross.

The Senator is aware that very few exceptions have been made to the rule governing burial at Arlington but believes that Lt. Colonel Nelson's case merits your serious consideration.

APPROVE

DISAPPROVE

Who is "by White
House direction"?
~~Who~~ I

(-see last page)

EXCEPTIONS MADE TO ELIGIBILITY CRITERIA FOR INTERMENT IN ARLINGTON NATIONAL CEMETERY

<u>NAME</u>	<u>BASIS FOR AUTHORIZATION</u>	<u>DATE OF DEATH</u>
Fisher, Michael B.	On 21 December 1976, Michael B. Fisher was killed in an automobile accident. He was a veteran of the Vietnam era, having been honorably discharged from the Marine Corps in March 1968. His military service did not meet the restrictive eligibility criteria for interment in Arlington National Cemetery. The wife and sister of the deceased requested that an exception to the eligibility criteria be granted to permit interment of his cremated remains in the same grave with his father, Robert F. Fisher, a former retired Air Force Major. An exception was granted <u>by White House direction</u> on 28 February 1977 and Michael B. Fisher was interred in Section 51, Grave 22, on 9 March 1977 in the same grave with his father.	21 Dec 1976
Kurta, Linda P.	On 31 January 1977, Mrs. Estelle Kurta, wife of retired SGT Charles B. Kurta and his daughter-in-law, Linda P. Kurta, were involved in a car accident. As a result, Estelle died immediately and Linda died on 4 February. Estelle was interred in Arlington on the basis of her husband's retirement from the Air Force, but Linda was not eligible on the basis of her husband's service as an honorably discharged veteran. An exception was granted on 5 Feb 1977 <u>by White House direction</u> for humanitarian reasons. Mrs. Linda P. Kurta was interred in the same grave with her mother-in-law. Retired SGT Charles B. Kurta's future interment is to be made in the same grave.	9 Feb 1977

THE WHITE HOUSE
WASHINGTON

confidential

ACTION	FYI
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

MONDALE
COSTANZA
EIZENSTAT
JORDAN
LIPSHUTZ
MOORE
POWELL
WATSON

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

June 22, 1977

Frank Moore -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Meeting with Senator Byrd and
Speaker O'Neill

cc: Jody Powell
Tim Kraft

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12958, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

Frank J

June 21, 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F-M*

The following are notes of your meeting this morning with Senator Byrd and Speaker O'Neill, including action required as a result of this meeting.

1. The Speaker emphasized the need for you to meet only with House Democrats on important issues such as the breeder.
2. Possible meeting on the breeder reactor. This morning when I walked the Speaker to his car, he mentioned having a meeting on the breeder. I will monitor and if this meeting is necessary, we could have next week before the vote (the date of which is unknown at this time).

set up

Jim Free has been working the House on the breeder. He has talked with all of the leadership. Wright and Brademas will be with us; Rostenkowski and Foley will be against us. Foley will vote quietly and last. Congressmen Bingham and Brown are his lead people.

Dan Tate is working closely with Schlesinger on the breeder in the Senate authorizing committee.

3. I have already submitted a request for you to call Jimmy Burke (D-Mass) who is in Bethesda Hospital.
4. Meeting with Elliott Levitas regarding reports to Congress. I will submit schedule proposal for this after I have met with him.
5. Compromise with Senator Byrd on flood victim loans. Stu is working on this.
6. Meeting with Senator Byrd on fruit pickers and a local problem in Princeton, West Virginia. Meeting has been set up for me to see the Senator tomorrow, Wednesday, June 22.
7. Renegotiation Board. Bill Cable and I have talked with the leadership and asked Brademas to do whip count. I will talk to the liaison staff at Defense urging them to take an active role in passing the bill.

done

important

8. Jody to make statement concerning Justice Department Korean investigation. You have already taken care of.
9. Senator Byrd suggested that you talk with Senators Humphrey and Talmadge on the farm bill. The Speaker indicated that Foley will go up on wheat. I recommend that you schedule a meeting with Bergland when he returns to discuss this problem.

*Be sure
he does
so*

*It's headed
for a veto*

cc: The Vice President
Stu Eizenstat

**Electrostatic Copy Made
for Preservation Purposes**